

Blue Shield Rate Filing for Individual and Family Plans
State Tracking Number: PF - 2010-01822

We have reviewed the company's rate filing for new Individual and Family Plans. These plans are intended to comply with the federal Patient Protection and Affordable Care Act (PPACA), as well as changes in California law. As such, these are new plans, distinguishable from existing plans. Since these are new plans, the lifetime loss ratio is based upon projections of future experience, based in part upon past experience of relevant existing plans, but with adjustments to recognize the changes.

The rates reflect increases attributable to the company's estimate of the impact of the new federally mandated provisions ranging from 0.4% to 10.3%, depending on plan design. Also, in accordance with California Insurance Code 10140.2(a), the filed rates are unisex.

The company's actuary has certified his projection of the lifetime loss ratio for these policies to be 91.3%, which is above the required minimum 70%, per California Code of Administrative Regulation, Title 10, Section 2222.12. We have reviewed the assumptions and methods used to arrive at lifetime loss ratio projections and found the assumptions and methods to be reasonable.

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